

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – JULY 30, 2003**

**PRESENT:** Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; John Bunnell, Administrator of Marketing & Sales; Aidan Moore, Chief of Enforcement; Peter Engel, Director of Store Operations; George Tsiopras, Chief Financial Officer; Nicole Horton, Wine Marketing Specialist; Al Picconi, United Beverages, Inc.

**EXCUSED:** Chairman Anthony Maiola; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending July 27, 2003 shows retail sales were up 5.5%, on-premise sales were up almost 8.7%, off-premise sales were up over 16.6%, and total aggregate sales increased by about 7.89%. The traffic count was up by 4,268, while the average sale increased by \$.38.

The W-1 Total Weekly Sales report for the same week confirms total weekly sales were up 7.89% or \$597,890, and were also up for the year by 9.12% or \$2,624,650. Wine sales increased for the week by 7.6% or \$253,019, as they did for the year by 9.13% or \$1,128,431. Sales of spirits were up 8.11% or \$344,871 for the week, and were also up year-to-date by 9.12% or \$1,496,219.

##### **B. Budget Reports:**

Looking at the current outstanding depletions and post-off report shows no major changes from last week's report. No additional payments have been made on those in arrears. Commissioner Byrne asked that a meeting be arranged with one of the brokers regarding their appeal contesting interest charges.

There was no update on the gift card program at this time.

The renewal lease for the current location of the Enforcement Bureau will be on the Governor and Council agenda of August 13<sup>th</sup>. Craig said he will attend this meeting.

The IT assistant director position has been offered as a result of interviews conducted last week. Four candidates for the Human Resources Administrator position have been invited back for a second interview tomorrow. The bureau chiefs have been invited to attend, as one priority of this position will be to develop a new orientation/training program. Craig said he would also like to develop a schedule for the new HR person to attend training on workman's compensation, payroll, financial

**NEW HAMPSHIRE STATE LIQUOR COMMISSION  
MINUTES OF MEETING – JULY 30, 2003**

**Page Two**

reporting, etc. He invited the bureau chiefs to give any suggestions they might have relative to other items which should be covered during the training process.

There was no W-6 Expense Budget Activity Report available at the time of the meeting; it will be available on site by the end of the day. George mentioned that the Store Operations account is looking good at this point. Class 10 expenses are about the same as last year, and Class 18 Overtime is a little less than last year. Class 50 is holding at about \$4,000 above last year due to holiday pay being a bit higher. A letter was sent to Administrative Services asking that a request be included on the next Fiscal Committee agenda asking for additional funds to pay rent and software expenses, plus a request to release relocation monies. George mentioned that revenue projections will be submitted today for this fiscal year.

Four applications, all in-house, have been received for the Payroll Officer II position; it is hoped that interviews will begin next week. However, information has been received that Fiscal Committee will be receiving a request from the Governor to grant a hiring freeze for the whole biennium. Commissioner Byrne asked if the Commission could bring up the matter of a blanket waiver for Store Operations and Enforcement positions at the next Fiscal Committee meeting.

There was an IFS kick-off meeting for the new accounting package last week, with about 40 people in attendance. Maximus will be writing the RFP for the state, which is expected to be completed in October or November. \$18 million has been budgeted for this project, of which about \$1/2 million has been allocated from the General Fund.

Year-end financial reports are close to being 100% completed. In addition, the annual report is about 98% finished.

**II. MARKETING & SALES REPORTS**

**1. Store Operations**

Total store sales for the week ending 7/27/03 were up by 6.03% or \$377,879.90. There was nothing of real significance to report this week.

Store #38 Portsmouth is open in its entirety with six registers in operation. However, the new floors in the retail area of both this store and Store #34 Salem are still not in acceptable condition, as a “haze” type of film is still prevalent on them. The contractors, as well as the manufacturer, are involved in this cleaning issue.

Commissioner Byrne questioned why Store #21 Peterborough is not open on Sundays; Peter will look into this further.

Peter has received one request and a number of phone calls in response to the training recruitment memo he recently sent out; he will be following this up with another memo today.

Tom Smith and crew are currently working in the Keene CVS building on the heating and air conditioning systems. The store should be ready to be moved within the next two weeks. Plans will continue to build the new Keene store. Commissioner Russell mentioned that the city would like all store parking to be in the rear and all signage to be the same color. John Bunnell said the landlord of the new temporary location is still waiting for a release from CVS. He will follow up on this and also with Suzan Lehmann regarding some concerns CVS's attorney had with some of the terms of the lease. John will also meet with Peter regarding this.

2. Purchasing Report:

The major out-of-stock at this time is Finlandia, which is experiencing a bottling problem which may continue until this September. Horizon Beverage Company is following up on the situation.

3. Merchandising Report:

A. SPIRITS:

1) Columbus Day Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twenty-nine (29) spirit products to be featured during the Columbus Day Sale, beginning Thursday, October 2 through Monday, October 13, 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Test Market Products:

a. Test Market Request (La Prisonniere Poiré & Calvados):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Mohawk Distilled Products for new test market listings for La Prisonniere Poiré, 750ML size (assigned four-digit Code #5141) and La Prisonniere Calvados, 750ML size (assigned four-digit Code #5161), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Results (Codes #4615 and #4616):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission grant specialty listings for Code #4615, Lautrec XO Cognac, 750ML size and Code #4616, Lautrec VSOP Cognac, 750ML size, both of which exceeded the gross profit required for specialty status at the

**NEW HAMPSHIRE STATE LIQUOR COMMISSION  
MINUTES OF MEETING – JULY 30, 2003**

**Page Four**

conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Line Extension (Kahlua Especial, 50ML):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Spirits USA for a size extension on Kahlua Especial, 50ML size (assigned four-digit Code #5324), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) September Special Offers (3 items – Horizon Beverage Company):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of three (3) spirit items currently in test market, to be featured on sale during September 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for the Columbus Day Sale 2003:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve ten (10) wine products to be featured on sale during the Columbus Day Sale, beginning Thursday, October 2 through Monday, October 13, 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Close-Out Pricing:

a. Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a close-out sale for eighty-four (84) wine codes from Martignetti Companies of N.H., including a floor stock adjustment, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Diageo Chateau & Estates:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a close-out sale for fifty-four (54) wine codes from Diageo Chateau & Estates Wine Co., as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Banfi Sweepstakes and Purchase:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/Banfi Vintners of a consumer sweepstakes and purchase offer on three (3) wine codes, to be featured on sale during September 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Primary Source Submissions (5 items – primary source):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of five (5) wine codes which are from primary source, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Tabled Item (revised offers for M.S. Walker – tabled from 7/16/03): Item remained on the table.

**III. ENFORCEMENT & LICENSING REPORTS – None.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated July 24 through July 30, 2003. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for coupon (pad, necker and consumer offer) approvals for the month of August 2003. The motion was unanimously adopted.

3. Late Items:

a. Recommended Wine Specialty Products (26 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twenty-six (26) wine codes to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Recommended Allocated & Restricted Wines for Distribution to Selected Stores (12 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twelve (12) allocated and restricted wine codes to be distributed to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Price Reduction:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Martignetti Companies of N.H. of a price reduction and purchase on three (3) wine products, including a floor stock adjustment, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Close Out Pricing:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve close-out pricing on twenty-four (24) delisted wine codes which have sold less than twenty-four bottles in twelve months, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Spirit Gross Profit Guidelines (Recommend comments from local brokers – Guidelines to be voted on at Commission meeting scheduled for 9/3/03):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission review gross profit threshold revisions, to be voted on at the meeting of September 3, 2003, including comments from local brokers, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**NEW HAMPSHIRE STATE LIQUOR COMMISSION  
MINUTES OF MEETING – JULY 30, 2003**

**Page Seven**

- 4. Other:
  - a. Tabled Item (revised spirit and wine offers from M.S. Walker – tabled from 7/16/03): Items remained on the table.
  - b. Close Out Purchase (Rutherford Ceramic Decanter – tabled from 7/23/03): Item remained on the table.

---

John W. Byrne, Commissioner

---

Patricia T. Russell, Commissioner

/D. Hartford